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FM AMEMBASSY JAKARTA
TO RUEHC/SECSTATE WASHDC IMMEDIATE 3925
INFO RUCNARF/ASEAN REGIONAL FORUM COLLECTIVE PRIORITY
RHEHNSC/NSC WASHDC PRIORITY
RUEHLMC/MILLENNIUM CHALLENGE CORP PRIORITY 0159
RHMCSUU/FBI WASHINGTON DC PRIORITY
RUEAWJB/DEPT OF JUSTICE WASHDC PRIORITY
RUEAIIA/CIA WASHDC PRIORITY

UNCLAS JAKARTA 001946

SENSITIVE
SIPDIS

DEPT FOR EAP, EAP/MTS, EAP/MLS, EAP/RSP, E, EEB, INL
DOJ FOR CRIM AAG SWARTZ, DOJ/OPDAT FOR BERMAN
NSC FOR D.WALTON; MCC FOR ISMAIL

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TAGS: [PGOV](#) [ECON](#) [KJUS](#) [KCOR](#) [SNAR](#) [ID](#)

SUBJECT: PRESIDENTIAL SPEECH FAILS TO QUELL GROWING CRISIS

REF: A. JAKARTA 1910

[B](#). JAKARTA 1862

[C](#). JAKARTA 1845

[D](#). JAKARTA 1815

[1](#). (SBU) SUMMARY: President Susilo Bambang Yudhoyono failed to regain control over two major scandals in his public response to a fact-finding team's recommendations on how to proceed. The team, appointed by Yudhoyono, had recommended that the President take clear action regarding police and prosecutor malfeasance and growing public criticism over possible misallocation of bank recapitalization funds. Yudhoyono instead provided vague guidance for the Indonesian National Police (INP) and the Attorney General's Office (AGO), effectively throwing the ball back in their court. While this speech may have resulted in the transfer of the INP's top detective, Yudhoyono's remarks left the public critical of his leadership and provided no clear end to these continuing issues. The controversies have sidetracked Yudhoyono's plans to use his first 100 days to develop an action-oriented program for the next five years. END SUMMARY

YUDHYONO FAILS TO DELIVER

[2](#). (U) President Yudhoyono publicly responded November 23 to recommendations from his fact-finding team investigating potential INP and AGO wrong-doing in charges against two suspended Corruption Eradication Commission (KPK) leaders.

[3](#). (U) Despite clear recommendations (including the dismissal of pending cases against the KPK officials), Yudhoyono provided only general guidance. He stated that he lacked the constitutional power to intervene, but suggested that it would be better, if the AGO and the INP dropped charges against two suspended KPK commissioners. He also stated that the KPK, INP and AGO need to look at internal reform, but did not lay out a concrete plan. He did announce that he would form a special unit under the Presidential Office to investigate allegations of rent-seeking behavior on the part of middlemen in criminal and civil cases. He did not address a number of specific recommendations.

[4](#). (SBU) Yudhoyono also did not directly address growing questions of official wrongdoing in handling of funds provide to bail out Bank Century, despite the release of an official audit earlier that day concluding that some of the bailout funds may have been misallocated. Rumors persist that these funds may have been diverted illegally to the President's Democratic Party or even to members of his family. The President stated only that any allegations of wrongdoing were

slanderous and that he would direct his Finance Minister Sri Mulyani to provide further clarification on the bailout.

THE CRISIS CONTINUES

¶5. (U) By throwing the ball back to the INP and the AGO, the President failed to resolve the ongoing conflict between these two agencies and the KPK. The INP, in turn, tossed the ball back to the AGO, stating that investigative dossiers in the cases of both commissioners were complete and that it was up to the AGO to determine whether or not to take charges to trial. In turn, the AGO was non-committal about a result, stating that while they would like to stop charges from going forward, it would take a 2-week review to determine whether or not the AGO could stop the cases. The INP did, however, act to take sanctions against top detective Susno Duadji by transferring him to a non-portfolio advisor position outside of the Criminal Investigations Division.

¶6. (U) Public protests criticizing President Yudhoyono,s handling of these cases have continued throughout Indonesia. While the case surrounding the KPK commissioners may be resolved soon, no end is in sight for the Bank Century scandal. In a November 24 speech presidential advisor Dino Patti Djalal acknowledged that the scandal surrounding Bank Century would pre-occupy the administration,s attention for the next six months as Indonesia,s parliament launches a formal inquiry of wrongdoing in the Bank Century case. In the meantime, President Yudhoyono is unable to focus on the development of concrete plans for his new administration.

HUME